CWIP RECONCILIATION SPREADSHEET
INSTRUCTIONS

General Instructions

- A separate reconciliation is to be prepared for each CWIP project.

- CWIP projects are managed by one or more unique task codes. The task codes included in each project's reconciliation should agree to the CWIP Project list maintained by Budget which is downloadable at the following address:

  http://www.ofa.noaa.gov/~nbo/CWIP.htm

- The reconciliations are to be summarized at the task level across <u>all</u> fiscal years and <u>all</u> object classes.

- It is imperative that data in the task manager's CWIP folder be supported by documents <u>other than the 15C Report</u>. The reconciliation is used to verify 15C Report balances against an independent source.

- The reconciliation template is designed to be used universally. However, if the template's structure is not adequate for reconciling specific projects, contact the Financial Statements Reporting Branch, OFA, in Germantown, before making revisions.

- Understanding the following relationships are essential to accurately report CWIP balances for <u>financial statement purposes</u>:

  Total Obligations   = Undelivered Orders + Accrued Costs

  Accrued Costs   = Paid Expenditures + Unpaid Expenditures
  Accrued Costs equal services performed and goods received (regardless of whether paid or unpaid)

  Uncapitalized Costs = Accrued Costs – Capitalized Costs
  Undelivered Orders are EXCLUDED.

- Use legal size paper to ensure the reconciliation is legible.

CWIP Project Information Section

Enter the following information:

- CWIP Project Code Number, from Budget Office's CWIP Project List above, if available (e.g. NESDIS_01_003).
- CWIP Project Title associated with the CWIP Project Code Number
- Line Office
- Task manager's name
- Preparer's Name & Phone Number
- Signature of Appropriate Line Office CFO, or;
- Signature of Appropriate Line Office M&B Chief
- Project's estimated cost
- Project's current estimated completion date

If any project information on the reconciliation does not agree to information reported on the Budget Office's CWIP Project List, inform the Budget Office immediately (Daniel Bess).

Main Reconciliation

Column A:
Report each FIMA task code (CAMS project code) supporting the Project, on a separate line. Provide amounts at the FIMA task code level for all years. This will require adding together all fiscals years for each task.

Organizations which have subprojects <u>noted on Budget's list of CWIP subprojects</u> must enter <u>phase codes</u> as well as task codes. **The oversight program/line office must submit to OFA, a recap of all such phase codes, in addition to their reconciliations to ensure that all phases reported on the 15C Report have been captured in their reconciliation(s).**

Column B:
Task Manager's Uncapitalized Costs are obtained from a detailed file/repository of CWIP Accrued Costs maintained by each task manager. The CWIP file tracks accrued costs less capitalized costs, by task code and object class, since the inception of the CWIP project. Each item reported in the CWIP file is supported by documentation. The documentation must be maintained in the CWIP file, unless the documentation <u>can be easily retrieved</u> from another location. If documentation is maintained outside of the CWIP file, its location must be stated.

Accrued Costs on the CWIP Schedule arise either from goods and services received, as evidenced by an *acceptance/receiving document*, or from Labor charges. To support Accrued Costs arising from the receipt of a good or service, each item on the CWIP Schedule must include key information from *obligating and receiving documents*,

including: document type, document number, task number, object class, amount, org code, fiscal year, and a brief description of the goods or services provided. To support Accrued Costs arising from Labor charges, the CWIP Schedule must include a reasonable estimate of Labor Charges. Support for calculating labor cost estimates must be maintained in the CWIP file.

Labor Costs charged to the project must be periodically analyzed for reasonableness so that incorrect labor can be revised on a timely basis. Labor costs are analyzed by comparing an estimated figure, based on supporting documentation in the T&A files, to actual charges reported on the 15C Report. An estimated labor charge is based on payroll costs of all personnel charged to the project. The actual labor charges reported in the 15C report are obtained from the following object classes: Leave Surcharge 1160/61, Benefits Surcharge 1210, General Support Indirect Charges 987X, EXAD 985X and Common Services Indirect Charges 9846.

Column C:
Accrued costs (as stated on the 15C Report) represent delivered orders, which are goods received or services performed ***whether paid or unpaid***. Accrued costs exclude undelivered orders.

Task managers are responsible for ensuring that individual documents are periodically reviewed for reclassification from undelivered orders to accrued costs. This is primarily a concern on large contracts or documents which have an extended period of delivery of services. Once all of the services on a contract, or task code on a document, have been delivered, the undelivered orders should usually be zero.

If the undelivered orders are not zero, that would imply that the full scope of the work was either (1) not performed, (2) not billed, or (3) incorrectly recorded against another document or task. It is imperative that the undelivered orders only reflect uncompleted work on the project. If undelivered orders are not reclassified to accrued costs as work is completed, the situation must be corrected as soon as possible, by the task manager.

Column D:
Capitalized Costs from the 15C Report, represent the amount declared by the task manager on an NF 37-6, including any amendments. When all work on a project is completed, an NF 37-6 is submitted to the Real or Personal Property Office, reflecting the amount of accrued costs to be capitalized, and then forwarded to Finance in Germantown.

The task manager is responsible for periodically reviewing 15C Report balances, reported as capitalized, to ensure they agree to and are supported by an NF 37-6. Differences may arise due to time lags between the submission of the NF 37-6 and its recordation in the 15C Report. However, if the capitalized costs in the 15C do not look reasonable at year-end, contact the Financial Statements Reporting Branch, OFA, Germantown, to ensure that the Finance Office has received all approved NF 37-6's.

Column E:

Uncapitalized Costs is a computed column on the spreadsheet. If Uncapitalized Costs in Column E do not agree to the 15C Report, review Columns C and D to ensure data was input accurately.

Column F:

The Difference between the Task Managers' Uncapitalized Costs and the 15C Report's Uncapitalized Costs is a computed column. It reflects the level of completeness and accuracy of the CWIP Schedule in the task manager's folder and the 15C Report for a given task number. When the CWIP Schedule and the 15C Report are in agreement, Column F is zero. Auditors will be alert to differences reported in this column.

There are numerous reasons for differences arising between the CWIP Schedule and the 15C Report. It is the task manager's responsibility to determine what those reasons are and to correct errors using document level or labor cost adjustments.

Certain differences may be considered immaterial for corrective action. The threshold for immateriality is based on the amount of the "difference" relative to total uncapitalized costs for the project. Materiality will be determined by the Financial Statements Reporting Branch, Germantown, on a case-by-case basis.

Columns G, H and I:

All differences in Column F must be corrected, unless the Financial Statements Branch in Germantown, approves that they are immaterial for corrective action. Corrections are made by adjusting Accrued Costs or Capitalized Costs in the 15C Report, or corresponding cost components in the Task Manager's CWIP File. All adjustments referred to in Columns G, H and I must be explained so that Finance Office personnel and contract auditors can easily understand the proposed adjustments. An explanation is also needed if there are remaining undelivered orders in a completed project. The explanations should document the cause of differences and actions taken to resolve them. Please attach a separate sheet if necessary.

Column J:

The Proof of Adjustments is a task-level control total to ensure that all differences in Column F are corrected in Columns G, H and I. The balance of Column J should be zero, except for immaterial differences approved by the Financial Statements Reporting Branch, Germantown.

Proof of Accrued Costs Section

Accrued Costs, Undelivered Orders, and Total Obligations in the Proof of Accrued Costs Section (see rectangular box at bottom of template) are obtained from the 15C Report. The Accrued Costs figures, by task, are used in the main reconciliation section of the

CWIP Reconciliation Sheet.   <u>The Undelivered Orders are excluded from the CWIP Reconciliation Sheet.</u>